

CITY OF UNIVERSITY PLACE
Pierce County, Washington
August 31, 1995 Through December 31, 1995

Schedule Of Findings

1. Road District Moneys Should Be Deposited In City Street Fund

As a part of our audit of the accounts of the City of University Place we reviewed the disposition of road district regular property taxes collected by the county treasurer and paid to the city. We found that these road district moneys were improperly deposited and spent in the city's General Fund. RCW 35.02.140 requires that the road district moneys be deposited in the City Street Fund:

Whenever in any territory forming a part of an incorporated city or town which is part of a road district, and road district regular property taxes are collectable on any property within such territory, the same shall, when collected by the county treasurer, be paid to such city or town and placed in the city or town street fund . . .

All of the \$1,241,783 in road district property taxes received by the city between the incorporation date of August 31, 1995, and the end of the first fiscal period, December 31, 1995, were deposited in the General Fund. This has the effect of diverting these moneys from their intended use in the upkeep and expansion of the city's streets. Instead, these moneys were used to help fund the general operations of the city as a whole. Management was unaware of this restriction on road district moneys.

We recommend that the city Current Expense Fund repay \$1,241,783 to the City Street Fund.

2. Financial Statements Were Not Prepared Within Statutory Deadline

During the course of our audit of the newly incorporated City of University Place it was noted that annual financial reports had not been completed and filed as required by statute. RCW 43.09.230 requires that:

Every taxing district and other political subdivision shall prepare financial reports covering the full period of each fiscal year, in accordance with the forms and methods prescribed by the state auditor.

RCW 43.09.230 also sets a time limit for preparation of these reports:

Such reports shall be prepared, certified, and filed . . . within one hundred fifty days after the close of each fiscal year.

Complete financial statements were not available until near the completion of our fieldwork in mid August. Since the City of University Place's incorporation on August 31, 1995, management has been unable to devote sufficient accounting resources to the preparation of these reports.

Failure to accurately prepare and file these annual financial reports with the State Auditor's Office prevents their inclusion in the statewide statistical database. This database is one of the primary tools used by the Legislature for planning and budget purposes. Exclusion of a city from this database because of late reporting negatively impacts the Legislature's ability to accurately forecast and plan for the needs of local governments.

We recommend that in future fiscal periods the city devote additional staff time and resources to the timely preparation of financial reports.